



TOWN OF TEMPLETON
Office of the Select Board
160 Patriots Road ~ P.O. Box 620
EAST TEMPLETON, MASSACHUSETTS 01438
TEL: (978) 894-2755

Policy Statement #2016-01

Health Insurance Opt-Out Policy

1.) Authority:

In accordance with its role as the governing body, the Board of Selectmen (the "Board") has the authority to adopt statements of policy to order its affairs and guide the administrative functions of the corporate body politic of the Town of Templeton. This policy shall apply to those employees governed by the Town's Personnel Policy

2.) Purpose:

The purpose of this policy is to establish a means by which the Town will provide an incentive for the employees to seek alternative health and dental insurance coverage thereby Opting Out of the Town's offerings and reducing the overall costs thereof. Further, it establishes an offset to reduce the potential loss of insurance coverage which some of our benefit eligible employees may experience as the result of reductions in force or hours.

3.) Administration:

This policy shall be administered by the Human Resources and Payroll staff under the oversight of the Town Administrator or such persons as he may delegate.

4.) Definitions:

- a.) Avoided Cost:** The sum the Town that would otherwise have paid to an insurer as the Town's portion of the total cost of the policy the employee is enrolled in at the time of their application to participate in this program.
- b.) Benefit Eligible:** Any person working 20 hours per week on a regularly scheduled basis during the regular work week of permanent or temporary employment provided further, that no seasonal employee or emergency employees shall be included. (MGL Ch. 32B §2).
- c.) Qualifying Event:** A change in circumstance due to marriage or divorce, birth or adoption of a child, death of a family member, lack of coverage through no fault of the employee or subscriber, change in hours which results in change in employment status.
- d.) Seasonal Employee:** A person hired to work a fixed period of time for less than sixty (60) days.

5.) Policy:

The Town shall subscribe to the following practices and procedures in implementing its Insurance Opt-Out Plan:

a.) Eligible Persons & Plans:

- i. Any Benefit Eligible employee not covered by a Collective Bargaining Agreement (CBA) who had been enrolled in the Town's health or dental insurance, or both, at the time of the adoption of this policy.
- ii. For Benefit Eligible employees covered by a CBA, eligibility will commence upon the signing of an appropriate agreement accepting this policy by the Union representing that group of employees.
- iii. For current or newly hired Benefit Eligible persons, eligibility to participate in the program commences after they have received health insurance benefits from the Town for the immediate prior 12 months. For such persons, the avoided cost shall be based upon the lowest cost plan offered by the Town made at the time of their application to participate in the program.
- iv. Benefit eligible employees may enroll in any substitute plan such as one available at other employment, through a spouse or through the purchase of an open market individual plan, provided however that such a plan is not secured through an entity to whom the Town must pay an assessment such as the Narragansett Regional School District, the Montachusett Regional Vocational Technical School, Montachusett Regional Transportation Authority or the like.

b.) Amount & Method of Opt-Out Payment

- i. The Town shall pay to the employee the sum of thirty five percent (35%) of the Town's avoided costs in otherwise providing insurance coverage. This payment shall be subject to an annual maximum of \$6,000. Payment will be made by multiplying the monthly cost of the premium by 12, multiplying that by the Town's contribution rate and multiplying that by 35%. This sum shall then be divided by the number of payroll periods in a year and added to each regular payment.

c.) Withholdings

- i. The above payment is not considered to be regular earnings for the purposes of calculating base pay, overtime or retirement and no withholdings thereof or contribution by the Town shall be made for these purposes. It shall, however, be subject to Medicare and income tax deductions and be presented on the W-2 tax form.

Policy #2016-01

d.) Application

- i. Eligible Persons shall apply upon the form attached hereto which indicates the documentation required for participation, eligibility to re-enroll in Town coverage if they should experience a Qualifying Event, and reporting responsibilities.
- ii. Eligible Persons must, during the Town's Open Enrollment Period or upon request, provide updated proof of alternative coverage.

6.) Evasion of This Policy:

It shall be a violation of this policy, and a disciplinary offense, to act in any manner other than prescribed herein. Any employee found falsifying documentation to qualify for the Opt-Out payment shall be subject to discipline up to and including discipline. In addition, the Town Administrator shall refer any such case to the Police Department for investigation and the filing of appropriate criminal charges.

7.) Periodic Review and Revisions:

Annually, at the time of preparing a recommended budget, the Town Administrator shall review this policy with staff to determine how effectively it is meeting its purpose. Suggested revisions shall be submitted to the Board of Selectmen for consideration and adoption with the annual budget message submitted by the Town Administrator.

Adoption:

Whereas this policy implements our stated purposes, we do hereby re-adopt the provisions of this policy as amended.

Effective Date

This Amended Policy is effective upon adoption and supersedes all previous orders or policies relative to or in conflict with this matter and the procedures described herein.

Approved and adopted this 11th day of August 2020 by a vote of 3 in favor and 0 opposed.

Signature: 

Michael J. Currie, Chairman
Town of Templeton SelectBoard

Adopted: November 28, 2016
Amended February 12, 2018
Amended August 11, 2020

Town of Templeton
Insurance Opt-Out Application

Name: _____

Department: _____

I do hereby apply to participate in the Town's insurance Opt-Out program by which I may receive 35% of the costs the Town avoids by not providing me with such coverage. I understand and acknowledge that:

- 1.) I may not re-enroll in the Town coverage until the next open enrollment period unless I experience a so-called Qualifying Event (change in circumstance due to marriage or divorce, birth or adoption of a child, death of a family member, lack of coverage through no fault of mine or the alternative plan subscriber);
- 2.) The payments I receive will not be included in computations of regular compensation, overtime or retirement benefits but will, however, be subject to Medicare and income tax deductions and presented on my year end W-2;
- 3.) Any payments I receive hereunder shall cease immediately upon my re-enrollment in the Town coverage even if such coverage shall not commence until the 1st of the month following me giving the Town such notice;
- 4.) Any payment I receive hereunder shall cease immediately up to the month containing the date of my separation from employment;
- 5.) It is my responsibility to promptly inform the Town of any changes in my circumstances which might have caused a lower Opt-Out payment than that originally approved (e.g. Family to individual plan); and
- 6.) Falsifying of any statement of coverage or a qualifying event shall be cause for discipline up to and including discharge and possible criminal prosecution.

I have attached proof of my coverage from another source and understand that I must, during the Town's Open Enrollment Period or upon request, provide updated proof of alternative coverage.

___ Medical Insurance

___ Dental Insurance

Signed under the pains and penalties this ___ day of _____, ____.

Signature

Below this line is for Administrative Use Only

Verified for Eligibility by _____

Amount of payroll period payment: _____

Payment to begin on: _____

Payment ceased on : _____ (Attach signed explanation)